

Fast Facts on California-India Trade and Economic Relations
Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy
Eduardo Garcia, Chair

India has the fourth largest economy in the world, with a 2013 GDP of \$4.96 trillion¹ (adjusted for purchasing power parity) and the second largest labor force in the world.² India's economy experienced 4.7% growth from 2012 to 2013. Contributing to its sustained growth are several economic liberalization measures which have been in place since the 1990s, including industrial deregulation, privatizing state-owned enterprises, and reduced controls on foreign trade and investment.³

Profile of India

- India's official name is the "Republic of India" and its capital city is New Delhi. The nation is comprised of 28 states and seven union territories.⁴
- In July of 2014, the estimated population of India was 1.2 billion people,⁵ making it the second most populous country in the world, just behind China (1.4 billion people).⁶
- New Delhi is the largest urban center in India, with a population of 22.7 million people. Other large urban centers in India include: Mumbai (19.7 million people), Kolkata (14.4 million people), Chennai (8.8 million people), and Bangalore (8.6 million people).⁷
- In 2011, 31.3% of the total population lived in urban areas, and the rate of urbanization held at a rate of 2.47% from 2010-2015.⁸
- In 2014, the median age of Indian population was 27 years.⁹ By comparison, the median age of the Chinese population was 36.7 years¹⁰, and in the U.S. it was 37.6 years.¹¹
- India is the 7th largest country in the world, with a total geographic area of 1.2 million square miles.¹²
- India has 14 official languages and the primary spoken language is Hindi (41%). Other common languages include: Bengali (8.1%), Telugu (7.2%), Marathi (7%), Tamil (5.9%), and Urdu (5%).¹³
- English is India's subsidiary official language, and is the most important language in national, political, and commercial communication.¹⁴

Overview of the Indian Economy

- In 2013, India's GDP at the official exchange rate totaled \$1.8 trillion. Adjusting for purchasing power parity, India had the fourth largest economy in the world, with a GDP of \$4.96 trillion.¹⁵ By comparison, India's PPP-adjusted GDP is smaller than that of China (\$13.4 trillion)¹⁶ and the U.S. (\$16.7 trillion)¹⁷, but larger than Japan (\$4.7 trillion)¹⁸.
- In 2013, India's GDP per capita was \$4,000.¹⁹ Countries with similar GDP per-capita rates include: Vietnam (\$4,000)²⁰, Uzbekistan (\$3,800)²¹, Moldova (\$3,800)²², Ghana (\$3,500)²³, and Cabo Verde (\$4,400).²⁴
- In 2013, the three major sector components of India's GDP were: service (66.1%), industry (17%), and agriculture (16.9%).²⁵ For the U.S., major components of the 2013 GDP were the service sector (79.4%), industry sector (19.5%), and agricultural sector (1.1%).²⁶
- In 2013, India had a labor force of 487.3 million people. The 2013 labor force was comprised of agriculture (49%), services (31%), and industry (20%) workers.²⁷
- In 2013, 8.8% of the Indian population were unemployed, up 3.5% from the 2012 rate.²⁸
- In 2010, approximately one-third of the Indian population lived below the poverty line (29.8%).²⁹
- In 2013, India's total exports were \$336.6 billion, and total imports were \$466 billion.³⁰
- Exports of goods and services account for 24.8% of India's GDP; imports account for 28.4% of the GDP.³¹
- The top 5 Indian commodities exported in 2013 include: Petroleum Oils (\$67 billion), Diamonds, worked (excl. industrial diamonds) (\$27 billion), Jewelries (\$9.6 billion), Medicaments (\$8.4 billion), and Rice (\$7.8 billion).³²
- Top 5 commodities India imported in 2013 include: Petroleum Oils (\$148 billion), Gold (\$34 billion), Diamonds, unworked (excl. industrial diamonds) (\$15 billion), Coal (\$15 billion), and Natural Gas (\$15.7 billion).³³

- India's top five export partners in 2013 include: the U.S. (\$42 billion), the United Arab Emirates (\$34 billion), China (\$16.4 billion), Singapore (\$14.2 billion), and Hong Kong (\$13.7 billion).³⁴
- India's top five import partners in 2013 include: China (\$51.6 billion), Saudi Arabia (\$36.6 billion), the United Arab Emirates (\$33 billion), Switzerland (\$24.7 billion), and the U.S. (\$22.6 billion).³⁵
- Services are the predominant source of India's economic growth; accounting for nearly two-thirds of India's output (66.1%) in 2013, with less than one-third of its labor force (31%) as of 2012.³⁶ The service sector is comprised of small subsectors such as tourism, media, health, retailing, education, real estate, and information technology (IT).
- IT continues to be the fastest growing segment of the Indian economy, notably Indian software design, business process outsourcing, and IT enabled-services (ITES).³⁷ India has capitalized on its large English-speaking population to become a major exporter of these information technology services.³⁸
- In 2012, India was both a leading exporter and importer of services, ranking seventh globally.³⁹
- During 2013-14, India's services exports grossed \$151.5 billion, with a growth of 4% from the prior year. Imports of services to India accounted \$78.5 billion, down 2.8% from 2012-13. Net services were \$73 billion, up by 12.4%, compared to 2012-13 figures.⁴⁰
- With over 14 million people born in India living abroad in 2013 (estimated to be the largest emigrant stock in the world), India has remained the largest recipient of officially recorded remittance inflows-- estimated at \$71 billion in 2014.⁴¹

U.S. and India Economic Relations

- Bilateral trade between the U.S. and India expanded from \$19 billion in 2000 to \$95 billion in 2013. U.S. goods exports to India totaled \$35 billion, supporting an estimated 168,000 U.S. jobs.⁴²
- Cumulative Indian investment in the U.S. totaled \$9 billion in 2012, supporting 100,000 domestic jobs. U.S. investment into India exceeded \$28 billion, supporting about half a million jobs in India.⁴³
- Top 5 commodities exported to India from the U.S. in 2012 include: Gold (\$3 billion), Coal Briquettes (\$822 million), Mixed Mineral or Chemical Fertilizers (\$609 million), Scrap Iron (\$530 million), and Telephones (\$388 million).⁴⁴
- Top 5 commodities exported to the U.S. from India in 2012 include: Packaged medicaments (\$4.2 billion), Vegetable Saps (\$3.6 billion), Refined Petroleum (\$2.9 billion), Jewelry (\$1.5 billion), and House Linens (\$1 billion).⁴⁵
- The United States is the world's largest recipient of Foreign Direct Investment (FDI) and India is among the fastest growing investor in the U.S. Over the last decade, investment capital from India to the U.S. grew at an annualized rate of 53%.⁴⁶
- Indian companies have aided the turnaround of several struggling U.S. firms. The Essar Group invested over \$1.6 billion in the declining Minnesota Steel Industries and now employs over 7,200 people in almost a dozen states; The Tata Group has invested more than \$3 billion in the U.S. and employs nearly 19,000 people; Jubilant Organosys Total Capital invested \$246 million in the U.S. and now employs nearly 900 employees throughout the country; and Wockhardt, a pharmaceutical company, acquired Morton Grove for \$37 million. This deal preserved the jobs of all 200 original Morton Grove employees.⁴⁷
- The largest share of investment capital from India has been allocated to industries associated with the knowledge economy. This capital is helping the U.S. increase employment in high value-added industries, such as IT and pharmaceuticals.⁴⁸
- FDI from India is expected to continue to grow in the future. There is strong interest by Indian investors in the power, steel, and extractive industries, as well as in pharmaceuticals and health care industries. This inflow of capital will expand the U.S. economy across a variety of fields, stimulate job growth, and help the U.S. remain competitive in global markets.⁴⁹
- The cumulative FDI inflows from the U.S. to India (April 2000- September 2014) amounted to \$13.2 billion, constituting nearly 6% of all FDI in India, and making the U.S. their sixth largest investor.⁵⁰
- In 2013-14, Indian students formed the second largest group of international students behind China, comprising 12% of the total 886,052 international students enrolled in U.S. colleges and universities.⁵¹

- During Prime Minister Modi's visit in September 2014, India signed with the U.S. to establish the Global Initiative of Academic Networks (GIAN), under which India will host up to 1,000 American academics each year to teach technology courses at Indian universities.⁵²

California's World Market Profile

- California exported \$174 billion in merchandise in 2014.⁵³
- California's top export markets in 2014 were: Mexico (\$25.4 billion); Canada (\$18.2 billion); China (\$16 billion); Japan (\$12.3 billion); and South Korea (\$8.6 billion).⁵⁴
- Data is not currently available for 2014 trade at the industry level.
 - California's exports totaled \$168 billion in 2013.^{55a} California's top 5 export markets in 2013 were: Mexico (\$23.9 billion); Canada (\$18.9 billion); China (\$16.3 billion); Japan (\$12.7 billion); and South Korea (\$8.4 billion).^{55b}
 - California's top 5 export industries in 2013 were: Computer & Electronic Products (\$42.4 billion); Transportation Equipment (\$17.7 billion); Machinery, Except Electrical (\$15.1 billion); Miscellaneous Manufactured Commodities (\$14.6 billion); and Agricultural Products (\$13.8 billion).^{55c}
 - California's imports totaled \$381 billion in 2013.^{56a} California's top 5 import markets in 2013 were: China (\$130 billion); Japan (\$38.4 billion); Mexico (\$36.3 billion); Canada (\$26.4 billion); and South Korea (\$13.1 billion).^{56b}
 - California's top five imports in 2013 were: Vehicles, Spark Ignition (\$31.8 billion); Crude Oil from Petroleum (\$29.5 billion); Automatic Data Process Machines (\$18.6 billion); Motor Cars for Transportation (\$15.1 billion); and Machines for Voice, Images, or Data (\$11.5 billion).⁵⁷
- A total of 75,012 companies exported from California locations in 2012. Of those, 71,921 (95.9%) were small and medium-sized enterprises with fewer than 500 employees.⁵⁸
- The four major sources of foreign investment in California in 2011 included Japan, the United Kingdom, France, and Switzerland.⁵⁹
- 590,000 California workers were employed by foreign-controlled companies in 2011. A total of 4.9% of the state's private-industry employment was supported by foreign investment.⁶⁰

California and India Relations

- In 2014, California exported more merchandise to India than any other state. California exports to India accounted for \$5.3 billion, (2.5%) of the total \$21.6 billion dollars of merchandise exported from the U.S. to India.⁶¹
- India was the 10th largest export destination for California (\$5.3 billion) in 2014.⁶²
- The top 5 California commodities exported to India in 2014 include: Miscellaneous Manufactured Commodities (\$2.5 billion), Transportation Equipment (\$846 million), Computer and Electronic Products (\$735 million), Agricultural Products (\$547 million), Chemicals (\$128 million).⁶³
- Today about half of California's 475,000 Indian immigrants live in the San Francisco Bay Area, making it the second largest community in the country after New York.⁶⁴
- Immigrants from India have founded notable Silicon Valley firms such as Sun Microsystems (Vinod Khosla), Brocade (Kumar Malavalli), Cirrus Logic (Suhaz Patil) and Hotmail (Sabeer Bhatia). U.S. Immigrants from India have also supplied pivotal contributions to technology innovation, including ethernet (Kanwal Rehki), fiber optics (Narinder Kapany) and the Pentium chip (Vinod Dham).⁶⁵
- Bay Area merchandise trade with India is primarily in low-end manufactured imports, information technology, and agriculture exports.⁶⁶
- In 2013, firms in the San Francisco-Bay Area had approximately 700 affiliates in India-- ranked 3rd behind the number of affiliates in the United Kingdom and China.⁶⁷
- Many firms in the San Francisco-Bay Area have close business partnerships with India. The Bay Area Council identifies Hewlett-Packard as the largest player in India's domestic IT market. One-third of Adobe's global engineering workforce is Indian. Cisco has its second largest headquarters in Bangalore. India is Yahoo!'s base for product and service development aimed at emerging markets. The San Francisco-based

architecture/design firm Gensler was part of the design team for India's \$300 million Chennai airport project.⁶⁸

- More than 40 Bay Area venture firms have Indian leadership and/or investment activity in India.⁶⁹
- Historically, India has sent more students to the U.S. than any other country. Most come to study computer science, business, and engineering at the graduate level, planning to stay indefinitely. The trend is now changing, and more students are returning back to India for business opportunities with a few years of work experience in the U.S. under their belts.⁷⁰

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